United Nations A/63/616

General Assembly

Distr.: General
17 December 2008

Original: English

Sixty-third session
Agenda item 118
Programme budget for the biennium 2008-2009

Review of the lump-sum arrangement of the Office of the United Nations High Commissioner for Refugees

Report of the Advisory Committee on Administrative and Budgetary Questions

1. The Advisory Committee on Administrative and Budgetary Questions has considered the report of the Secretary-General on the review of the lump-sum arrangement of the Office of the United Nations High Commissioner for Refugees (UNHCR) (A/63/537). During its consideration of the report, the Committee met with representatives of the Secretary-General, who provided additional information and clarification.

2. The report of the Secretary-General is submitted in compliance with paragraph 23.20 of document A/56/6 (Sect. 23), pursuant to which UNHCR would review, after three bienniums, the lump-sum arrangement, which began in the biennium 2002-2003, to fund a portion of the Office's management and administration-related costs under the United Nations regular budget.

3. As the Secretary-General indicated in section II of his report, prior to the lump-sum arrangement, UNHCR post and non-post resource requirements were subject to the same detailed budgetary process as other sections of the programme budget. However, given that the total funding from the United Nations regular budget represented only 2.6 per cent of the total budget of UNHCR for the biennium 2000-2001, those arrangements were found to be too cumbersome for the Office. It was therefore decided that a review should be undertaken on the funding of UNHCR from the regular budget to determine whether other budgetary arrangements, such as a lump-sum grant, would be administratively more effective (see A/52/6 (Sect. 23), para. 23.14).

4. In section III of his report, the Secretary-General indicated that the aforementioned review took into consideration article 20 of the statute of UNHCR, pursuant to which, unless the General Assembly subsequently decides otherwise, no expenditures, other than administrative expenditures relating to the functioning of the Office, are to be borne by the budget of the United Nations and all other

08-65838 (E) 181208

expenditures relating to the functioning of the Office are to be financed by voluntary contributions. Due consideration was also given to the Advisory Committee's view of the term "administrative expenditures", which has been interpreted to mean expenses other than operational expenses and the related management costs (see A/2157, part III). As a result of that interpretation, UNHCR and the Secretariat agreed that a distinction should be made between operational and non-operational staff, and that operational support staff, including related costs, should be financed exclusively from the voluntary funds administered by the High Commissioner.

5. In paragraph 11 of his report, the Secretary-General indicated that, following an exercise to redefine and recategorize UNHCR posts into three categories (management and administration, programme support and programme posts), the management and administration category was found to be consistent with the type of posts (non-operational) funded by the regular budget prior to the redefinition and recategorization exercise. The number of management and administration posts identified by UNHCR at the time of the exercise amounted to 433. The number of posts financed by the regular budget for the biennium 2000-2001 had amounted to 220 (including the posts of High Commissioner and Deputy High Commissioner), or 50.8 per cent of the number of posts categorized as management and administration posts. Upon enquiry, the Advisory Committee was informed that, as at 1 January 2009, there would be a total of 503 management and administration posts at UNHCR. Should the General Assembly endorse the maintenance of the lump-sum arrangement, 220 of those posts would continue to be funded from the regular budget.

6. For the biennium 2000-2001, the amount of $2,326,300 had been provided from the regular budget towards UNHCR non-post administrative expenditures. Using as a basis the 50.8 per cent figure described above and applying it to the estimated non-post costs of $28,355,400 for the management and administration category would have resulted in an increase in the regular budget contribution towards non-post administrative expenditure from $2,326,300 to $14,404,500. However, taking into account the budgetary constraints of the United Nations at that time, it was not considered that such a substantial increase in the Organization's contribution to UNHCR could be included in the regular budget proposals for the biennium 2002-2003. It was considered, at that stage, that an increase of $2 million, or 5.1 per cent, could be proposed for the biennium 2002-2003, with subsequent increases to be considered in the context of proposals for each subsequent biennium, but not to exceed $2.5 million (see A/60/7, para. VI.22).

7. As the Secretary-General indicated in paragraph 13 of his report, it was determined that the provision of a grant would simplify the work of UNHCR by eliminating the need for separate administrative procedures in respect of half of the management and administration posts. It was also decided, however, that the posts of High Commissioner and Deputy High Commissioner would continue to be funded from the regular budget and shown separately from the grant. Upon enquiry, the Advisory Committee was informed that UNHCR reports its expenditures under the regular budget, broken down into post and non-post resources, to United Nations Headquarters on an annual basis.

8. In section IV of his report, the Secretary-General outlined the reasons for retaining the lump-sum grant arrangement. In essence, that arrangement has simplified the work of UNHCR by eliminating the need for separate administrative

procedures in respect of the management and administration posts funded under the United Nations regular budget.

9. In paragraph 19 of his report, the Secretary-General asserted that, since UNHCR standard costs for posts are higher than United Nations standard costs as a result of the rotation policy of the Office, budgeting for posts based on United Nations parameters does not always correspond to UNHCR parameters. Upon enquiry, the Advisory Committee was informed that UNHCR salary scales, like those used by the United Nations, consist of two elements: salary costs (including a post adjustment multiplier) and common staff costs. However, the common staff costs portion of UNHCR salaries is significantly larger than the corresponding portion of United Nations salaries owing to the higher costs of assignment grants and mobility allowances incurred as a result of the Office's mandatory rotation policy. In this connection, the Committee draws attention to its report on the UNHCR revised programme budget 2008-2009, in which it made a series of comments on the management of UNHCR, including with regard to human resources, in particular the efforts undertaken by the Office to reduce the number of staff in between assignments (see A/AC.96/1040/Add.1 and Corr.1).

10. The action required of the General Assembly is set out in paragraph 23 of the Secretary-General's report. **The Advisory Committee recommends that the Assembly take note of the report of the Secretary-General and endorse the maintenance of the lump-sum arrangement for funding of UNHCR in future budget presentations of the proposed programme budget.**